

The NATIONAL UNDERWRITER

Life Insurance Edition

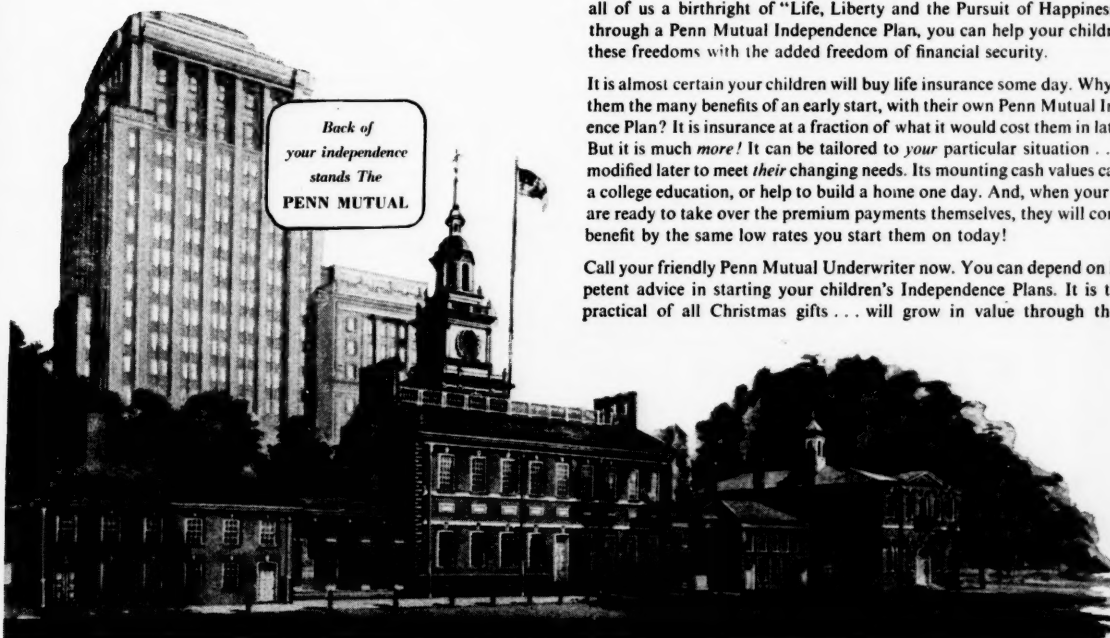
Three Generations Dedicated to Freedom!

"...to effect their safety and happiness... to provide new guards for their future security."

To these determined words from the Declaration of Independence, the patriotic citizens of a new nation pledged their lives and fortunes! Young and old alike shouldered the responsibility of winning security. The famous "Spirit of '76" vividly portrays three generations of Americans banded together in their firm purpose.



Freedom From Financial Uncertainty...Your Children's Heritage with a Penn Mutual "Independence Plan"



Back of
your independence
stands The
PENN MUTUAL

When our nation was being forged, children shared all the insecurity of their parents' uncertain future. Then the Declaration of Independence bequeathed to all of us a birthright of "Life, Liberty and the Pursuit of Happiness". Now, through a Penn Mutual Independence Plan, you can help your children enjoy these freedoms with the added freedom of financial security.

It is almost certain your children will buy life insurance some day. Why not give them the many benefits of an early start, with their own Penn Mutual Independence Plan? It is insurance at a fraction of what it would cost them in later years. But it is much *more*! It can be tailored to *your* particular situation... can be modified later to meet *their* changing needs. Its mounting cash values can assure a college education, or help to build a home one day. And, when your children are ready to take over the premium payments themselves, they will continue to benefit by the same low rates you start them on today!

Call your friendly Penn Mutual Underwriter now. You can depend on his competent advice in starting your children's Independence Plans. It is the most practical of all Christmas gifts... will grow in value through the years.

THE PENN MUTUAL LIFE INSURANCE COMPANY • INDEPENDENCE SQUARE, PHILADELPHIA

THE PENN MUTUAL BELIEVES IN PROMOTING ITS OWN PEOPLE TO POSITIONS OF MANAGERIAL RESPONSIBILITY

FRIDAY, DECEMBER 24, 1954

1,900,000 Businessmen are reading about **MONEY MODULE**

Bigger Benefits FOR YOUR EMPLOYEES at Lower Cost!

MONEY MODULE FOR SMALLER EMPLOYEE GROUPS

MONEY MODULE IS A COMPLETELY NEW "build-your-own, unit-by-unit" plan which offers in one package various combinations of:

1. Retirement pension for the employee.
2. Death benefits for his dependents.
3. Income to his widow to supplement Social Security.
4. Disability income for the employee.
5. Hospital and surgical benefits for the employee and his family.

Until the invention of MONEY MODULE, there was no comprehensive employee benefit plan specially designed for small groups. Now the smaller business can meet the larger companies on their own ground—offer employee

benefits even more attractive than those the competition offers, at a special low cost!

Through MONEY MODULE, it's often possible to cover employee groups of as few as 10 to 25 people, at a cost as low as 1¢, to 10¢, of pay roll, depending on the benefits to be provided. In some cases, part of this cost has been covered by employee contributions.

Electronic "Brain" Helps Make MONEY MODULE Possible

New electronic equipment handles the complex "paper-work" of this amazingly flexible plan so speedily and so efficiently that MONEY can pass on the resulting savings and benefits of unit construction!

CHECK THESE IMPORTANT ADVANTAGES OF MONEY MODULE

1. Costs less! More benefits for less cost than other plans for small business firms!
2. Covers older employees! Older employees can be given adequate benefits without undue initial heavy investment!
3. Unit costs grow smaller as plan grows larger! Because of its unique structure, MONEY MODULE can reduce the unit cost per person as the average size of the benefit per person and number of lives covered increase.

FLEXIBLE • ADAPTABLE • ECONOMICAL • EFFICIENT

Send for full details—today! Mutual Of New York is the only life insurance company that offers this unique plan. Let a MONEY representative show you why it is the most beneficial, most flexible, most inexpensive employee-benefit plan ever offered to smaller business firms. Just mail the coupon.

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Mutual Of New York,
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and what advantages it offers me and my
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Company Name _____
Type of Business _____
My fiscal year ends _____ No. of Emp. _____
Address _____
City _____ State _____

in ...
Business Week
Journal of Commerce
Nation's Business
U. S. News & World Report
Wall Street Journal

NALU Gets Zoning OK for New Home; Consummating Sale

Expect Plans, Specifications to Be Ready for Approval at Midyear Meeting in March

WASHINGTON—National Assn. of Life Underwriters has received zoning-board approval of its proposal to construct a headquarters building on the site it selected at 22nd and C streets, N.W., not far from the Lincoln Memorial.

As a result, the association is going ahead with the purchase, which was contingent on the zoning board's approval. Cost of the land is \$108,000.

The zoning board's vote was 4-1, the dissenter being a representative of the District of Columbia planning board. He said the board had long range plans that might include employing the land for public use. However, there seems to be no disposition in any quarter to appeal from the zoning board's favorable decision.

The location committee of NALU will apparently now become the building committee, with Charles E. Cleeton, Occidental of California, Los Angeles, a past president of NALU, continuing as chairman. It appears that the committee will have plans and specifications completed in time to have them approved at the midyear meeting of the board of trustees in Columbus, O., in March. Barring unforeseen difficulties, it is anticipated that the new building will be ready for occupancy by NALU and Life Underwriter Training Council when the present lease at 11 West 42nd street, New York City, expires April 30, 1956.

Except that it will have about 20,000 square feet of usable floor space and will conform to height limitations and other zoning restrictions for the area, there is at this point nothing final about the appearance or layout of the proposed building. A daily paper carried what purported to be an architect's sketch but if it bears any resemblance to the design finally selected it will be pure coincidence. No architect has yet been selected. The sketch was submitted to the zoning board to indicate in a very general way the character of the building NALU has in mind erecting.

Nothing definite has been decided, either, about costs. But assuming a building with 20,000 feet of usable floor space and a cost of construction of \$20 a foot, the cost of the building would be around \$400,000, or a total of a little more than \$500,000 for land and building. In addition, of course, there would be the cost of furnishing, and the moving expenses of those staff members who would be transferred to Washington.

NALU has some \$286,000 in its building fund, in cash and pledges. Obviously the total outlay will exceed that figure but Mr. Cleeton has expressed full confidence that with a site purchase

(CONTINUED ON PAGE 16)

SS Is Mortgage on Future: Lounsbury

"There may well come a time when those who are working will revolt and



R. R. Lounsbury

cease to give half or even more of the results of their efforts to those who are sitting on their hands in the sunshine somewhere enjoying a life of leisure at the expense of younger people," Ralph R. Lounsbury, president of Bankers National Life and immediate past president of American Life Convention, told members of Newark Life Underwriters Assn. at a meeting at which he and Richard E. Pille, vice-president of Mutual Benefit Life and immediate past president of LIAMA, received plaques in honor of their service to the business.

Mr. Lounsbury said that we may rely upon social security for the next 10 or 15 years, but, he argued, "If I were selling again and if I were selling to clients under 40 years of age, I think I would be very cautious about my inclusion of social security benefits among those which they and their families can rely on receiving in the event they live to 65."

Saying that social security was originally intended to provide a floor of subsistence and nothing more, he pointed out that promises to increase social security payments have been a lure offered by both political parties, and in the light of the most recent and greatest increase in social security benefits, there is little likelihood of anyone being realistic about the burden placed on production in years to come.

With respect to agent problems, Mr. (CONTINUED ON PAGE 16)

November Life Sales Set All-Time Record of \$10,271,000,000

November life sales of \$10,271,000,000 set an all-time record, according to LIAMA, with \$6,738,000,000 written by private companies under the new federal employee insurance program. Even without this special group plan, November sales were \$3,533,000,000, 16% more than in November of last year, making it the largest November volume on record and the second largest month in the history of the business.

For the first 11 months of the year, sales totaled \$40,793,000,000, 26% more than the like 1953 period. Excluding the federal employee plan, sales for the period of \$34,055,000,000 exceeded the 1953 11-month total by 5%.

Washington National Hits \$1 Billion Goal

Washington National Life has achieved its 1954 goal of \$1 billion of life insurance in force. Assets are about \$190 million.

The company, founded in 1911 by Harry R. and George R. Kendall, now has nearly 4,000 local agents operating in 47 states, the District of Columbia and Alberta and Ontario, Canada.

300-Plus Qualify For Pan-American Meeting

More than 300 agents have qualified for Pan-American Life's national convention at Hollywood Beach, Fla., Jan. 5-7. Commissioner Larson will welcome them to the state at a luncheon and Crawford H. Ellis, president of Pan-American Life, will preside at the business session.

Will Life Insurers Delegate A&H Role in Legislation?

Proposal for Single Body, Supplanting Conference and Bureau, Brings New Problem

BY ROBERT B. MITCHELL

NEW YORK—The proposal to supersede the Bureau of A&H Underwriters and H&A Underwriters Conference with a single organization that would be the spokesman for the entire A&H business apparently poses something of a problem for the life insurance side of the house.

The hope of those who favor the formation of the new association is that the life company associations will deem it wise to delegate their A&H legislative work to the new organization and let it speak as the united voice of all A&H insurers. That there may be objections to this from the life people, however, was indicated by President Carrol M. Shanks of Prudential at the recent meeting of Life Insurance Assn. of America, in commenting on the account which Wendell Milliman, vice-president of New York Life, gave of the proposal to form a new all-inclusive A&H organization.

Mr. Milliman, who is chairman of a subcommittee of task force No. 1 of the industry's joint committee on health insurance, said it was the task force's conclusion, endorsed by the joint committee, that a new trade association be created to represent all branches of the A&H business, replacing both the bureau and the conference. It has been Mr. Milliman's subcommittee's responsibility to draw a blueprint for the organization of this new trade association.

The subcommittee, he said, considered it unwise to try to anticipate what the members and directors of the new organization might want to do about policy but there is one matter that the subcommittee feels is quite essential to decide in advance and that is the setting up of standards of performance and a mechanism for encouraging companies to conform to those standards.

At this stage, said Mr. Milliman, it will probably be sufficient for the committee, prior to the new organization's coming into being, to endorse the set of standards of good practice already adopted by the Bureau of A&H Underwriters and the set of advertising standards for individual A&H business adopted by H&A Underwriters Conference as being representative of the sort of conduct that would be expected to be established by the new organization and that the invitation to join the new body would also incorporate a pledge and would ask the company applying for membership to adhere to these standards.

Mr. Milliman said it was contemplated that formation of the new association would be contingent on a

(CONTINUED ON PAGE 16)

Late News Bulletins . . .

Form Mutual Fund to Hold Life Company Shares

NEW YORK—A closed-end mutual fund to hold only life company stocks is being formed by White, Weld & Co. and J. C. Bradford & Co., New York and Nashville brokerage firms, respectively. Early in January it will offer a million shares of its stock, to be marketed at \$16.25 a share. The company will be limited to owning no more than 25% of the stock of any one life company.

B. W. Ayres Takes Son Into Partnership

Donald W. Ayres has been appointed general agent of State Mutual Life in Worcester as a partner of his father, Benjamin W. Ayres, who has headed the agency since 1936. The partnership will be known as the B. W. & D. W. Ayres agency.

Donald Ayres has been in life insurance since 1950 and two years ago was State Mutual's third largest producer. Last year he was appointed associate general agent in his father's agency and he paid for more than a million. Benjamin Ayres started in life insurance with State Mutual 34 years ago, becoming general agent in Springfield, Mass., in 1924, general agent of Massachusetts Mutual in Worcester in 1928, returning to State Mutual there in 1936. Mr. Ayres qualified for the Million Dollar Round Table in 1951. His agency led the company last year and received the President's Cup and was runner-up for the agency builders award.

Beardsley Paul Revere Associate Actuary

Charles M. Beardsley has been promoted to associate actuary of Massachusetts Protective and Paul Revere Life. He joined the companies in 1947 and became assistant actuary in 1952.

WOULD HAVE NEITHER SUBJECT TO LEVY

Shanks Tells How Ruthless Competitors Exploit Tax Snag in Insured Pension Plans

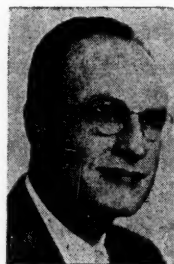
The way in which corporate trust companies exploit the tax disadvantage of life companies to obtain pension business was strikingly brought out by Carrol M. Shanks, president of Prudential, before the House subcommittee on life company taxation at Washington, before the House subcommittee on life company taxation at Washington. Mr. Shanks gave a thorough and unsparing diagnosis of the cut-throat ferocity with which proponents of trustee plans slash at the Achilles heel of insured pension plans. His testimony was reported briefly last week.

A victim of this tax discrimination is the small employer, who, not equipped

cost-wise to handle a trustee plan, sets up an insured plan and incurs the consequent burden of the federal income tax, Mr. Shanks said. For many large employers setting up a new plan the methods used by the advocates of trustee funds undoubtedly has been a persuasive argument leading them to seek the tax shelter of these plans.

The solution to this problem of tax discrimination against insured plans, he said, lies in removing the tax on insurance companies, not in taxing trust funds. He said that "since Congress, in passing HR 8300, has affirmed the

principle that employers should, by preferential income tax treatment, be encouraged to set aside funds as ad-



Carrol M. Shanks

advance provision for approved retirement plans, we believe that the freedom from federal income tax of investment income on such funds should apply equally well to such funds in the hands of insurance companies as to funds in the hands of a trustee."

If this proposal is effected, he cautioned, no resulting loss of revenue should be made up by increased taxes on other policyholders. How have corporate trust companies used their tax advantage? Mr. Shanks illustrated with excerpts from 14 statements by pension plan consultants, banks which act as trustees for uninsured pension plans, and publications. Here is a statement taken from the pension plan quiz of Morss & Seal, New York City pension actuarial consulting firm:

"Let us assume that a company has the option of insuring its pension plan or of financing an identical plan by means of a trust fund. Assume, further, that the trustee can net the same (tax free) interest yield on the company's contributions as the insurance company obtains on its premiums. In other words, after deducting the trustee's investment fees, the trust fee is assumed to earn the same rate of interest (tax free) as the insurance company does after it has deducted its income taxes and the expenses of its investment department... This difference is, of course, partly due to the fact the income taxes, from which trust funds are free, reduced the average insurance company's interest yield by one-fifth of 1%."

Here is a paragraph from an article circulated by Chase National Bank of New York City: "Life insurance companies report both gross and net investment income. The difference is investment expense and amounts to three-tenths or four-tenths of 1% per year of total assets. This amount does include the payment of income taxes, but the payment may be properly regarded for this purpose as an expense because there are no taxes imposed on a qualified trust fund. On the other hand, the maximum investment expense in connection with a trust fund is the trustee's basic fee covering investment and custody services, which is below the percentages quoted above and in large accounts is substantially below those percentages."

One from Trust Co. of Georgia says, "If... federal taxes were to be continued at current rates, they will grow in dollar amounts as the fund grows. Ultimately, when the fund reaches maturity with income and disbursements roughly in balance the federal tax at present rates would amount to 5% of the annual contributions."

From a report by Eugene M. Klein & Associates, actuaries and pension plan consultants of Cleveland: "... all investment income to an insurance company is subject to a federal income tax rate even though a portion of such investment income had arisen as the result of a theoretically excepted fund for pension plans. Three of the four insurance companies specifically stated that a net investment yield after fed-

(CONTINUED ON PAGE 15)

Mutual Trust Life Holds Banquet to Mark Half Century

Mutual Trust Life will observe its 50th anniversary year in 1955, culminating with a special sales conference at Mackinac Island in August. In connection with a preliminary session held in Chicago to formulate vigorous plans to take advantage of new policy forms and other sales tools which will be available on Jan. 1, a special dinner meeting was held to commemorate the incorporation of the company in December, 1904.

President Raymond Olson and Charles E. Menor, Jr., executive vice-president and secretary, spoke. Mr. Menor traced some of the key historic developments. Starting business as Scandia Life in 1905, the new company, as a result of the Armstrong investigations in New York, faced the problem of winning the public's confidence. One of the 17 initial policies totalling \$21,000 life insurance is still in force, Mr. Menor reported. By 1908 there was \$10 million in force.

In 1916, another key year, insurance in force reached the \$25 million mark and the company pioneered in the introducing of juvenile insurance, also



C. E. Menor, Jr., executive vice-president-secretary, Mutual Trust Life, left, and President Raymond Olson, shown at the company's 50th anniversary banquet.

adopting a net level premium reserve basis. The war years brought problems, including a 90 day period in 1918 when the influenza epidemic death payments exceeded those paid in any preceding full year. After the war the present company name was adopted, "taking for its title what it always was from the beginning", Mr. Menor observed. Today, with \$500 million in force, the

(CONTINUED ON PAGE 16)



Bill Nalacs' CORNER

"We 'Nalacs' were tickled to see that the judges at the Life Advertisers Convention liked our company's 'Minute Mailer' well enough to award it a prize for excellence in the Direct Mail field. Actually it didn't surprise us though, for this is the slickest pre-approach piece you've ever seen. All you do is slip a simulated news clipping into it, dash off a quick note, attach your card and mail.

The company furnishes the 'clips', which can be used on any prospect—Life or A&H. Prospects read them, too—believe me! It's another wonderful example of how North American gets behind its men with the kind of selling tools that do a job."

HOME OFFICE:

MINNEAPOLIS, MINNESOTA

H. P. SKOGLUND J. E. SCHOLEFIELD, C.I.U.
President ★ Vice President—Director
of Agencies



LIFE • ACCIDENT • SICKNESS • HOSPITAL • GROUP

Greater Benefits for your clients...

ILLINOIS MUTUAL'S New Major Medical Expense Plan Protects Your Clients against Catastrophic Medical Costs

Now there is an Illinois Mutual plan to fit the specific needs of each of your clients!

In addition to many other sales producing policies available, Illinois Mutual's newest policy covers catastrophic medical costs, providing the extra money where and when your clients need it most. The policy covers ALL medical expenses in full after the first \$500 — \$750 or \$1000 deductible expense up to \$8,000 — \$7,500 or \$10,000 with limitations only on the amount of daily hospital room and ambulance costs and provides for rental rather than purchase of mechanical aids.

Add this policy to your list of plans and make your portfolio a bit full of awes.

Territories open in Illinois, Indiana, Ohio, Michigan, Minnesota, Missouri and Wisconsin.

Illinois Mutual Casualty Co.

(non-assessable)

HOME OFFICE: 411 LIBERTY ST., PEORIA, ILL.
E. A. McCord, President, C. G. Isaman, Executive Vice President
The best in accident, sickness and hospital insurance since 1916.



AVAILABLE AGENCY MEN

- #679—Age 35 with 10 years experience from Salesman to Agency Director. Good references.
- #682—Age 46. 14 Years top eastern Co. exp. Good personality and record.
- #683—Age 34. Has 14 years in southwest. Now Supt. of Agencies. Lots of drive.
- #684—Age 45 with 21 years with 3 companies, all group experience. Top record.

For more information
Write — Phone or Wire

FERGASON PERSONNEL

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HARRISON 7-9404

***What happened to your last year's
resolutions for: more sales . . . more money?***

Did you say you would:

- ☐ make one more call per day?
- ☐ use more direct mail?
- ☐ sell larger policies?

☐ **EARN HIGHER COMMISSIONS?**

☐ **GET LIFETIME RENEWALS?**

☐ **OFFER COMPETITIVE POLICIES?**

Did you keep your resolutions?

If not . . . in 1955 . . .

write, call, wire

Robert W. Staton . . . Director of Agencies

CENTRAL STANDARD LIFE
Founded 1905 — **INSURANCE COMPANY**

211 W. Wacker Dr.

Chicago 6

A. J. Wheeler New Pacific Coast Manager for National Underwriter

Andrew J. Wheeler, resident manager at Chicago for the National Underwriter Co. since 1946, is being transferred Jan. 3 to San Francisco as Pacific Coast manager. He succeeds Frank W. Bland, who for health reasons has had to restrict his travel activities and is joining Canada Life as public relations manager on the Pacific Coast.

Mr. Wheeler joined the National Underwriter Co. after army service in the South Pacific area. Earlier he had had sales experience with Procter & Gamble.

Mr. Wheeler, who will have offices in the Flatiron building, 544 Market



A. J. Wheeler

street, has a wide insurance acquaintance. Besides servicing many Chicago accounts, he also traveled downstate Illinois. Through attendance at insurance meetings and his close contact with leading producers and company executives he has gained a broad knowledge of the business. His new territory is comprised of California, Oregon, Washington, Nevada and Utah.

State Farm Life Gives C. C. Morris V-P Status

Charles C. Morris has been promoted to vice-president and secretary of State Farm Life. He has been secretary since 1949.

Mr. Morris joined the company in 1936 and then took time out to obtain a master's degree in business administration at University of Michigan. He was named auditor in 1946.

Named at Bridgeport

Harry Kaplan, Colonial Life, has been appointed manager at Bridgeport, succeeding Howard Yeomans. He started with the company as an agent at Jamaica, N. Y., in 1950 and was promoted to field manager at Elizabeth, N. J., in 1953.

Averaging Formulas for Taxes Constitute Threat to Individual Companies

Averaging formulas for taxation are a definite danger to individual companies, E. J. Schmuck, Acacia Mutual general counsel, told the special subcommittee on life company taxation of the House ways and means committee. A company's financial soundness could be threatened if a reversal in economic trends caused marked declines in earned interest and if there were unexpected adverse mortality, he said. Robert L. Hogg, senior vice-president and advisory counsel of Equitable Society, had said, however, that he saw no serious danger.

Representative Mills expressed concern over the question whether there is an accurate way of measuring a company's free investment income, the tax base advocated by Acacia, from the point of view of the internal revenue agent.

Mr. Schmuck replied that this could be done.

Asked whether a company, if the

company-by-company basis should be enacted, would be able to manipulate its investment structure so as to reduce the free investment income and thereby its taxable income, Mr. Schmuck agreed that it would be theoretically possible, but practically unlikely. Furthermore, he noted, use of "realistic assumptions" might also end up being reflected in lower premium rates, to which there could be no objection on the part of the public.

Revise Rules for A&H Leading Producers

Changes in the rules of qualification for the Leading Producers' Round Table award of International Assn. of A&H Underwriters recently voted by the board include increasing requirements for the gold certificate to \$20,000 of annualized premium.

Other changes, all of which will take effect for the qualification period beginning Jan. 1, 1955, are:

1. New business must be written in the calendar year and certified by companies or agencies in which written.

2. Production qualifications for the bronze award are not less than \$5,000 in annualized premium nor more than \$9,999.

3. Qualification for the silver certificate is not less than \$10,000 annualized premiums nor more than \$19,999.

4. Qualifications for the gold award, given in the past for \$10,000 or more, will now be a minimum of \$20,000. The gold award is the top classification.

5. Annualized group premiums may not be counted for more than one-third of the qualification for the award applied for. (Group is defined as being written with a master policy or certificate.)

Round table awards will be made at the annual meeting of the International, June 12-15 in San Antonio.

Accounting, Statistical Assn. Elects at Chicago

Chicago regional chapter of Insurance Accounting & Statistical Assn. elected Russell Conklin, American Manufacturers Mutual, as chairman of the governing board at the chapter's recent annual meeting, which was attended by some 120 persons.

Fletcher Phillips, North American Life; George Gregory, Aetna Fire and Larry Filippi, United, were elected vice-chairman, secretary and treasurer, respectively.

Jefferson Standard Promotes Four

Jefferson Standard Life has promoted Kim Johnson, sales planning division of the agency department, to assistant superintendent of agencies; Howard Johnson, sales promotion division of the agency department, to agency assistant; Wayne Slagle, sales service division of the agency department, to assistant agency secretary, and Phil Lucas to assistant manager of the premium notice division of the policyholders service department.

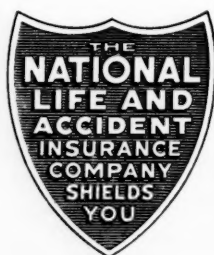
Peterson Syracuse GA for State Mutual Life

Edward T. Peterson, State Mutual Life supervisor at Buffalo, has been appointed at Syracuse to succeed Elmer L. Beesley, who will retire Dec. 31. Mr. Peterson joined the company in 1949. Mr. Beesley, general agent at Syracuse for the past 27 years, is the company's second oldest general agent in years of service and was president of its general agents association in 1947.

A COMPANY IS KNOWN BY THE MEN IT KEEPS

THE full strength of a life insurance company is not measured in terms of dollars alone. One of the real assets of any company is its agency force, and we are particularly proud of the great force of men who represent this company in the Field.

Many of them are members of our Old Guard with fifteen years or more of service. All our Managers and all others in supervisory positions were promoted from our own ranks. All our men are carefully selected, thoroughly trained, full-time Shield Men, dedicated to the highest standards of selling and service.



**THE
NATIONAL LIFE
AND ACCIDENT
INSURANCE COMPANY**
HOME OFFICE - NASHVILLE, TENNESSEE

Group Life Cover Headed Off Spread of Self-Insured Plans, E. C. McDonald Says

E. C. McDonald, group vice-president of Metropolitan, opened the eyes of many of his listeners at the annual meeting of Life Insurance Assn. of America to the extent to which group insurance was the national inheritor of a very sizable amount of business previously insured in mutual benefit associations, some of which dated back



E. C. McDonald

to 1869.

"If we take a calm look at the whole picture," he said, "it will be quickly seen that the need and desire for group protection of a sort existed long before the Equitable introduced group life insurance through its first policy in 1911."

Extensive research shows, he added, that a large number of mutual benefit or relief associations provided death benefits and in some cases disability benefits as well as far back as the middle of the 19th century.

The older death benefit systems covered industrial, public utility and railroad companies. The death benefits were small but in terms of the then purchasing power were not unimportant in size. In fact, a comparison of the amounts as a percentage of annual wages then with the ratio of the average group certificate to annual wages today shows the differential then was not at all important.

Something approaching 1,000 of these self-insured death benefit systems were operating in various companies before group life insurance, as it is known today, was invented, he said. Employees banded together, sometimes with the help of their employers, and worked out schemes to supply a sort of mass protection years before insurance company administration entered the picture. Fortunately, group life came into being at an appropriate time.

The growth of these associations accelerated sharply until 1930, when the number began to decline. This drop undoubtedly was influenced by the recognition of employers that life company administration was sounder. If group life had not arrived in the '30s, he said, there would be a vast amount of self-insured death benefit plans today throughout the U. S. and Canada.

Following 1935, when the worst of the depression was over, group life caught employers' fancy, and with the fine merchandising ability of field forces, rose sharply in both number of contracts issued and volume of business.

Although it could be said that the associations' plans were not too objectionable because the amount of death benefit was small compared to the higher amounts currently available under some group life contracts, they could not, for this very reason, attract and hold executive talent. Today, he said, external influences in part rather than the life companies are responsible for the popularity of these higher amounts. Federal and state taxes as well as other factors have had much to

do with employees developing plans which will have great appeal to key personnel.

Overall, however, the number of cases of substantial group life is small compared with the number of people covered under such plans. Group life for executives, he said, is only a minor phase of the broader group life picture in this country today. One study shows that those covered in excess

of the amount authorized by the so-called model group bill, when related to the total employees covered under all group contracts, is just a mere fraction of 1%.

Some companies have even adopted a self-insured "layer of death benefits" for executives when they found themselves limited by statutory ceilings of \$20,000, he declared. One life agent, he said, surprised him by saying the employees of Chesapeake & Potomac Telephone Co. were better prospects for personal insurance than federal employees because the former

have a self-insured plan with no limit whatsoever, while the federal employees' group life plan has a definite limit.

A conservative estimate, he said, is that the amount of self-insured benefits in this country and Canada is approaching \$20 billion. "Suppose this \$20 billion is eventually transferred to insurance company administration (and I fervently hope it will), will it have an unfortunate effect on the life underwriter's market?" he asked. He answered with another question: "Does

(CONTINUED ON PAGE 14)

**LIFE INSURANCE
HELPS KEEP
CHRISTMAS ALIVE!**

THE GREAT-WEST LIFE ASSURANCE COMPANY
HEAD OFFICE - WINNIPEG, CANADA



PAN-AMERICAN'S CAREER CONTRACT

which stresses the company's philosophy of helping the best men make more money. To do this job, we furnish ample training, top-notch sales aids and individualized policies to meet individual needs.

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President

EDWARD G. SIMMONS
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KENNETH D. HAMEP
Vice-President & Agency Director

For Information Address
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Superintendent of Agencies

PAN-AMERICAN
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NEW ORLEANS, U. S. A.

Medical Information Bureau Elects Menge

Walter O. Menge, Lincoln National president, has been elected chairman of the executive committee of the Medical Information Bureau, succeeding Dr. Richard C. Montgomery, medical officer of Manufacturers Life. Dr. Norman J. Barker, medical director of Connecticut General Life, has been chosen vice-chairman.

New members of the executive committee are Douglas S. Craig, 2nd vice-president Metropolitan Life; David S. Garner, vice-president and medical director Shenandoah Life; Dr. J. Keith Gordon, medical director Sun Life of Canada.

Manufacturers Assn. Decries SS Increases as Burden on Future

The 1954 amendments liberalizing old-age benefits and increasing coverage, according to a National Assn. of Manufacturers report on its continuing study of retirement security, "following closely after those of 1952, suggest strongly that each election year will result in 'bigger and better' social security act amendments." Such a course, the report said, is not consistent with the objectives and principles of a sound program of old-age care within a free society.

"Today's bargain benefits with the cost passed on to future wage earners, today's easy eligibility requirements," the report continued, "are sugar-coated for present taxpayers. Our children and grandchildren, however, can only condemn us for our generosity to ourselves at their expense."

The NAM report is not in agreement with the private opinions of some industrialists who have welcomed the liberalizing amendments as a means of easing union pressure for increased pensions at the direct expense of employers.

1 of 12 Children in Hospital Each Year

One child in every 12 is admitted to a hospital during the year and the average stay is five days, according to a study by Metropolitan Life of experience among children of its personnel insured under the company's group insurance program.

Among these children, all 18 years

of age or under, about three hospital expense claims were paid on boys for every two on girls. Three-fourths of the children hospitalized were under 10 years old.

Surgery, including treatment of fractures and dislocations, was performed on 70% of the hospitalized children, with tonsillectomies and adenoidectomies accounting for over half of the surgical cases. The average hospital stay for all surgical cases was 3.6 days. For non-surgical it was 8.8.

Guardian Life Names Reidy Vice-President

Daniel J. Reidy has been advanced to vice-president and general counsel of Guardian Life. He joined the company in 1929, became an assistant secretary in 1936, was appointed assistant vice-president in 1946 and general counsel in 1947. A member of the insurance law section of the New York City bar, he is a past chairman of Eastern Life Claims Conference and a past president of International Claim Assn.



Daniel J. Reidy

New York Life Grants in Varied Use by Illini

Three annual grants of \$5,000 each from New York Life have supported a variety of activities at the University of Illinois according to Prof. Robert I. Mehr, in charge of the university's insurance curriculum. Completed and ready for publication in early 1955 is a market research study on attitudes, understanding and use of insurance of 600 families in Decatur, Ill.

The proceedings of a conference on pension planning in an inflationary economy held at the university in 1953 have been published, use of visual aids for insurance education and high schools is being studied, with a film strip made at the university being circulated for criticism and suggestions; and finally, the funds were used to support student activities and insurance including field trips, research scholarships and publications in the insurance field.

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BRUCE M. COX, Mgr., Portland, Oregon Agency

After two short years of part time work with ANICO, Bruce M. Cox was made District Manager in the Portland, Oregon Agency in 1949. Because he did such an outstanding job in this position, he was the natural choice to succeed as manager when Mr. Gifford Hudson was transferred to San Francisco. Since becoming Manager of the Portland, Oregon Agency, Mr. Cox has maintained the high standards of the agency and continued with outstanding quality production for the company.



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Mandatory A&H Gets Prominent Spot in N. C. Coercion Hearing

Senator Langer of North Dakota, who conducted a one-man hearing at Raleigh on the need for a uniform small loans law in North Carolina, said studies have shown recipients of old age and welfare assistance frequently obtain loans from small lending firms and he did not think the government should pay for A&H insurance.

He was referring to charges brought out at the hearing that some loan firms, to circumvent a fixed rate of 6% a year on loans and a sliding scale of fees to compensate for short-term loans, coerce borrowers into buying credit A&H insurance in addition to credit life. The loan rate and scale went into effect in 1945.

Commissioner Gold defended his state's small loan firms. He was joined by Gurney P. Hood, Raleigh banker and for many years state banking commissioner. Mr. Gold said small loan firms are within the law and their insurance charge is the same charged other policyholders. He said A&H rates are high everywhere and added that the loss ratio determines the rates, which are uniform, whether the insurance is bought from an agent or a small loan firm. "The smaller the benefits of the policy," he said, "the larger the acquisition cost."

Mr. Hood said that present laws

covering loan firms are adequate. If their charges for A&H are too high, they can be reduced by the insurance commissioner, who has the power to do so. A uniform small loans law, he said, is morally wrong, for when a borrower buys insurance, "he at least gets something."

Two state newspaper men, Simmons Fentress of *Raleigh News & Observer*, and Barton Hickman of *Greensboro Daily News*, both of whom have written articles on "loan shark" operations, also testified.

Mr. Fentress said loan firms depend

on insurance sales and kickbacks from insurance companies "for anywhere from one-half to more than three-fourths of their income." Through kickbacks or rebates, he said, lenders can recover up to 80% of the millions they collect in premiums. Most lenders require applicants to buy life and A&H insurance and are protected and enriched by the insurance system.

Mr. Hickman suggested loan firms be regulated by the insurance commissioner rather than the banking commissioner. He said these firms "insure you for just about everything except

repayment of the loan."

At one point it was suggested that if insurers are in the loan business indirectly by selling insurance through loan firms and then kicking back part of the premiums, they should be subject to regulations covering these loan firms. In connection with this, Dr. W. H. Simpson, Duke university professor, said that some states have licked the problem by not allowing loan firms to make a profit on credit insurance, and others have limited the amount of insurance to the amount of the loan and do not pay commissions.



Special note to
Surplus and
Brokerage
producers

Mass. Mutual Promotes MacFarlane, Roesler

Massachusetts Mutual Life has named Bruce M. MacFarlane, assistant director of group sales, and Peter I. Roesler, manager of the term and casualty sales division of the group department.

Mr. MacFarlane joined the company in 1930 as a member of the policy department and transferred to the underwriting department in 1936. After military service he joined the group department and subsequently was appointed manager of group sales and of group field service. He has passed examinations given by Life Office Management Assn. and Home Office Life Underwriters Assn.

Mr. Roesler joined the group department in 1946. Earlier this year he was named assistant manager of the group department's term and casualty sales department. He has passed six LOMA examinations.

Travelers Picks District Group, Brokerage Heads

Travelers has named Joseph P. Goldsberry district group supervisor at San Francisco and Joseph R. Bily district group supervisor at Houston. Mr. Goldsberry joined the company in 1928 and was assistant group supervisor at San Francisco. Mr. Bily joined as a group supervisor in 1950 and has been assistant district group supervisor at Houston.

Named as brokerage managers, life, accident and health lines, were Henry Howard, II, at Los Angeles, Cal., and Albert G. Arnold, San Francisco. Mr. Howard joined Travelers as office manager at Boston in 1926 and has been assistant manager at Los Angeles. Mr. Arnold joined the company in 1932 as field supervisor and has been assistant manager at San Francisco.

Emmert Sets Pru Record

Walter J. Emmert, Jr., of Austin, Tex., has become the first Prudential district agent to produce \$1 million of life insurance per year for two consecutive years. Mr. Emmert has been with the company only for two years.

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The Company has no reinsurance connections and the above limits represent its own retention.

3. OTHER COMPANIES' REPORTS ACCEPTED

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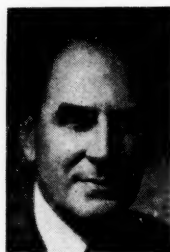
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Phoenix Mutual Life Advances L. B. Stone, Haggard, 15 Others

Phoenix Mutual Life has promoted Lyndes B. Stone from 2nd vice-president to vice-president, with Paul H. C.



Lyndes Stone



Paul Haggard

Haggard, secretary, filling the post Mr. Stone vacates. Mr. Stone joined the company in 1931, was made head of the mortgage loan division in 1936 and 2nd vice-president in 1950. Mr. Haggard joined in 1932, was advanced to attorney in 1940, and named secretary last January.

Other executive officers elected were H. Archer Clark, Jr., secretary; Eric T. Franzen, secretary; George H. Hamilton, secretary and assistant comptroller; A. Chandler Ryder, secretary; Carl J. Sandberg, secretary; J. Kenneth Sullivan, treasurer; John H. Moseley and Wallace Wessels, assistant secretaries.

Life Assurance, Manila. The agreement affects approximately 9,900 peso policyholders in the Philippines and involves \$26 million of life insurance. The transaction does not affect policies issued and payable in American dollars.

Shaffer Elected Acacia Agency Vice-President

Harry J. Shaffer has been elected agency vice-president of Acacia. He was 2nd vice-president and agency manager of Lincoln National. Starting as agent at Akron for Union Central Life, he was appointed assistant superintendent of agencies in 1936. In 1945 he became agency vice-president for both Paul Revere Life and Massachusetts Protective Association, which he left in 1950 to join Lincoln National.



Harry J. Shaffer

Laurentz Guardian Director

NEW YORK—Arthur F. Laurentz, president of American Surety and Surety Fire, has been elected a director of Guardian Life. He is a director and former president of the Insurance Society of New York and is on the board of governors of the Insurance Institute of America. His father, the late Ferdinand Laurentz, for many years head of American Surety, was for 25 years a Guardian director.

Mrs. Newbury Heavily Insured

Mrs. Mollie Netcher Newbury, Chicago business woman and owner of the old Boston store there, who died recently, was believed to be the most heavily insured woman in the world. In 1931, when Will Rogers was covered for \$1 million and John Barrymore for \$2 million, Mrs. Newbury held a policy for \$3 million.

Baltimore Life Sells Home Office Building

Baltimore Life has sold its home office in midtown Baltimore and is planning a new, functional home office building in the northern part of the city. It will be a structure of less height, occupying more ground, in line with today's trend. The company will continue in the present location until the new building is ready for occupancy.

Dennis Co. Holds Open House

Joseph K. Dennis Co., group insurance counselors and administrators, Chicago, held a combination open house and Christmas party in their newly enlarged and modernized quarters in the Insurance Exchange building there.

Texas Legal Reserve Group Elects M. G. Ware President

Morton G. Ware, Family Security Life, Fort Worth, was elected president of Texas Legal Reserve Officials Assn. at its annual meeting in Austin when a six-point legislative program also was approved. Membership consists principally of 69 of the smaller legal reserve companies in the state.

Charles G. Eldson, American Bankers, Waco, was named vice-president; L. H. Grove, Jr., National Bankers Life, Dallas, secretary, and C. F. Palm, Great American H. & L., San Antonio, assistant secretary.

The legislative program includes compulsory annual examination of companies, regulation of insurance stock sales by the board of commissioners, broader powers for the board in determining real estate values, amendment of agency licensing laws, enactment of the law making it a felony to circulate false rumors about a company's financial condition, and increases in funds and personnel for the board.

Would Halve Premium Taxes on N. H. Insurers

The premium tax on insurers domesticated in New Hampshire would be reduced from 2% to 1% under a recommendation by the state commission to recommend reorganization of the tax structure. The reduction would mean an initial savings to the companies of about \$60,000 in the first year, but less in subsequent years. The report, submitted to Gov. Gregg, will be considered by the 1955 legislature.

Colonial Party Dec. 24

Colonial Life home office employees will have their annual Christmas party Dec. 24 at the Hotel Suburban, East Orange, N. J. Christmas greetings will be extended by Richard B. Evans, president of the company. Donald McGuirk, president of Colonial Life Athletic Assn., will give the welcome address.

Reinsures Philippine Peso Business

Occidental Life has reinsured its peso business in the Philippines with Insular

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Grantges, N. W. National V.P., Agency Director, Feted on Retirement

W. F. Grantges, vice-president and agency director of Northwestern National Life, who is retiring Dec. 31 after 26 years with the company, was honored at a field-sponsored gathering in Minneapolis which included several surprises, including:

A package of more than \$2 million of new business submitted during two days; round trip tickets for Mr. and Mrs. Grantges from Minneapolis to Honolulu as a gift from the sales force; tickets providing a complete tour of the Hawaiian Islands for them as a gift from the company; a citation signed by Governor Crosby of Nebraska appointing Mr. Grantges an admiral in the Nebraska navy; two bound volumes of testimonial letters from the field and executive organizations; a framed certificate enumerating company accomplishments during Mr. Grantges' final year of service, and a barometer bearing the signature of agency department associates.

George W. Wells, president, and W. R. Jenkins, 1st vice-president, praised Mr. Grantges for his distinguished service to the company.

Beginning in insurance at age 19 as assistant secretary of International Life, Mr. Grantges eventually became executive vice-president of that company. International was subsequently reinsured by Missouri State Life and in 1928 Mr. Grantges went with Northwestern National as agency director.

Mr. and Mrs. Grantges plan to travel extensively and will establish a winter home in the south, although continuing to spend summers at their island in Basswood Lake on the Minnesota-Ontario border.

Condon Named to Head New Occidental Branch

W. Gleason Condon, for eight years an Occidental Life agent at Baltimore, has been named manager at the new office at 807 Chamber of Commerce building, Boston. This is the first Occidental office to be opened in Massachusetts.

Mr. Condon joined Occidental at Baltimore in 1946. He is a life member of the Million Dollar Round Table, and for five consecutive years he has won the National Quality award.

Display Copies of GAMC Ethics Code Distributed

NEW YORK—Members of General Agents & Managers Conference were sent copies suitable for framing of the code of ethics recently adopted. It was printed in two colors on parchment-type paper, 11 by 14 inches, by John Hancock as contribution to the work of GAMC. The code was drawn up by a committee headed by Robert Pitcher, John Hancock, Boston.

Included in the nine-point credo is "to refrain, directly or indirectly, by personal interview, correspondence, circularization, advertising or otherwise, from negotiating for the services of any agent who is under other than a 'broker's' or 'one case' agreement or contract with any other manager or general agent, without first informing his manager or general agent."

Other points cover selection of only qualified agents, building a full-time sales organization, providing adequate training and supervision, fostering self-improvement programs among agents, requiring ethical and legal practices; encouraging membership in local life underwriter associations, terminating contracts of agents who

don't give their time to the business as agreed or who persist in practices detrimental to the business; and supporting sound efforts to encourage the GAMC principles to the end that the agent shall have high prestige in his vocation and maximum opportunity to serve the public.

Syracuse—Richard T. Hughes, general agent here for Aetna Life, moderated a panel discussion of "Tax Advantages of Life Insurance and Annuities Under the New Revenue Code." Participants were Joseph H. Murphy, tax attorney and professor at Syracuse university's college of law, and Ranson MacKenzie, vice-president and trust officer of Marine Midland Bank here.

Bohlinger Sees Need of Strengthening State Law, Regulation

NEW YORK—Survival of state regulation of insurance depends upon the elimination of weaknesses in state laws, Superintendent Bohlinger of the New York insurance department told the insurance section of Young Men's Board of Trade here. State regulation is at the turning point, he said, and a comprehensive and immediate study of state laws is essential if the gaps in

state regulation are to be closed and further encouragement of the federal government into this field is to be prevented.

The recent citations of 17 A&H insurers by FTC emphasizes the need for adequate regulation and calls attention to some of the weaknesses in the all-industry type of regulatory law.

The adequacy of state regulation is being challenged, he said, to the extent that business is not regulated by state law and authority. The business must move without delay, he said.



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Recommend Five Moves to Safeguard Insurance in Texas

Five recommendations aimed at strengthening Texas insurance laws have been presented to the Texas legislative council by its committee on insurance which decided that "a general revision of the insurance code is neither desirable nor needed."

Recommendations for changes were made in a 202-page report to the council. The committee said the recommended changes "will result in a completely adequate code of insurance laws, giving maximum protection to the public and the industry."

Suggestions of the committee, headed by State Sen. Rogers Kelley of Edinburg, included:

1. "Remedial legislation designed to insure at time of formation and thereafter the solvency of all insurance companies, with particular emphasis on adequate capital and surplus, investment requirements and formation of companies."

2. "Remedial legislation designed to safeguard the public in chartering and formation of insurance companies, with emphasis on the administrative details of the board of insurance commissioners in the chartering of companies."

3. "Remedial legislation designed to cure inadequacies in existing laws with respect to the examination of insurance companies by and through adequate and trained examining staff under the direction and control of the board of insurance commissioners."

4. "The Texas securities act should be amended so as to make stocks, bonds debentures of insurance companies

subject to the provisions of the act. The administration of such act should, as presently provided, remain under the secretary of state."

5. "To the extent necessary, clarifying amendments should be made so as to specifically provide that the administration of the insurance code is under, and to be performed by, the board of insurance commissioners functioning as a board."

The staff research report noted that Texas has about one-third of the nation's approximately 3,600 insurance companies. It pointed out that the state's laws "allow formation and operation of some types of insurance companies with very small investments" and that in recent years "a number of small insurance companies have come into existence." Some of these "apparently flourished and expanded for a time and then wilted into receivership, in most cases at a loss to stockholders, creditors and shareholders."

Findings of the research staff included the following:

Texas, with 126 failures for the 15-year period, September 1939-54, leads the nation in total number of insurance company failures. Second was Nebraska, with 25 failures.

Failures have continued at a fairly steady rate during the past 15 years throughout the nation. However, the rate at which Texas companies have been placed in receivership in the past 12 months has been more than double that of the previous 14 years.

Of 67 Texas companies placed in receivership in the 15-year check period, stock companies accounted for 12, mutuals 41, and "other" types 14. Only one life company, has failed in Texas since 1942, and it involved no loss to policyholders.

60 AT HOME OFFICE

Central Standard Has Mineral Rights Sale

Stetson hats and high-heel boots were the order of the day at the home office of Central Standard Life Dec. 14, when some 60 bidders from Texas, Oklahoma, Colorado, New Mexico and Kansas were in town to bid on mineral and royalty interests being sold by the company at public sale. The interests, both producing and non-producing underlying some 76,570 acres in the five states, were advertised in nine of the country's biggest daily newspapers as well as the Oil and Gas Journal.

Following a response that is said to be unprecedented in such a sale, 875 prospective purchasers were sent a brochure on the lands. Bidding was both written and oral, with the 60 oral bidders going at it hot and heavy during the entire sale which began at 12:01 p.m. and ended at midnight. The results of the bidding were submitted to the court for its consideration and action thereon, with a hearing to be held Dec. 28, 1954 at 2 p.m.

The history of this unusual sale began with the old Illinois Bankers Life Assn., an assessment company, which held mortgages on farm lands in five states. When these mortgages were foreclosed during the depression of the 30's, Illinois Bankers Life Assurance, a legal reserve company which reinsured the association in 1929, retained the mineral interests in behalf of the association's policyholders. Then in October of 1951, Central Standard Life reinsured Illinois Bankers Assurance with the subsequent transferring of the mineral rights held in trust for the original assessment policyholders.

Happy Agents Are High Producers, LIAMA Study Demonstrates

What an agent thinks about his job tends to indicate how much insurance he will sell and how long he will remain in the business, a new LIAMA study shows. However, the agent's general opinion of the business is less important than how he likes his manager and the training he has received.

As groups, agents who terminated after the study or who suffered from low production were not particularly satisfied with any particular aspect of the field, as compared with high producers who had many areas of personal satisfaction. Both high and low producers had specific complaints, but the items successful agents complained about were generally those which, in their opinion, prevented them from doing an even better job.

Sixty percent of successful continuing agents find satisfaction in personal friendship with the manager, demonstrating either that this is the case or that successful agents think it should be. As expert salesmen they object to detail work and the technical language of the policies.

Low producers, however, object most to people who insure their houses and cars but not their lives, an obstacle which the high producer apparently overcomes with ease, and are dissatisfied with irregularity of sales and their lack of ability to close a case.

Terminators object most to uncertainty while getting established, the public's attitude toward life insurance agents, the amount of driving necessary and the irregularity of working hours.

Read Named Counsel of Home Life of N. Y.

Frederick W. Read Jr. has been appointed counsel of Home Life of New York and head of its law department. Formerly assistant counsel, he succeeds George A. Richardson, who has relinquished his responsibilities for reasons of health. Mr. Read joined the company in 1945. Before entering military service, he held legal posts with Glenn L. Martin Co., and the French and British Air commissions.



Frederick W. Read Jr.

On the advice of his doctors, Mr. Richardson has withdrawn from active service and is now on disability leave from the company. He marked his 25th anniversary with the company last summer. He began his career in 1929 and was subsequently appointed to the actuarial department, then supervisor, and assistant secretary with responsibility for the company's policy planning activities.

During this period, in addition to his work at Home Life, Mr. Richardson completed his law studies and in 1945 joined the law department as assistant counsel. He was named counsel in 1949.

• New York Life employees in New York City have purchased and clothed 1,500 dolls for distribution to the city's poor children on Christmas, following a tradition of more than 30 years.

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ACCIDENT AND HEALTH

Stress Tax-Free Value of A&H. Snyder Urges

Reviewing effects of the new tax laws on A&H selling, Ivan Snyder, CLU, educational director, Indianapolis Life, told the Indianapolis A&H Assn. that agents too often fail to make clear to prospects and policyholders the importance of the tax-free status of benefits received under individual A&H policies.

"When a man is sick or injured," Mr. Snyder stressed, "he needs a 100-cent dollar, not the 75-cent or less dollar taxes leave. The only way he can get a 100-cent dollar at such times is from A&H insurance."

The new law on "wage continuation plans" enables an employer to "have his cake and eat it, too," the speaker pointed out. "The employer can continue a man's income up to \$100 a week during disability without it costing the employee any tax, and with the benefit being tax-deductible for the employer."

Mr. Snyder said the wage continuation plan will make a good approach to the business man who is also a prospect for business A&H insurance, "one of the most important and wide-open field for sales today."

Northington Eyes A&H Ads

A measure requiring A&H companies in Tennessee to have their advertising approved by the state insurance department will be introduced in the 1955 session of the legislature by the department, according to Commissioner Northington.

Bankers L. & C. Has News Program

Bankers Life & Casualty will spon-

sor the Gabriel Heatter news commentaries over the Mutual Broadcasting System on alternate Tuesdays, starting Jan. 4. The programs, to be aired over 400 stations coast-to-coast, will be presented in behalf of the company's White Cross plan.

New Reinsurance Proposal to be Basically the Same

WASHINGTON—Particular coverages will be designated as concentration points in the new A&H reinsurance proposal being framed by the administration. They are reported to be catastrophic illness, coverage of the aged and chronically ill, coverage in sparsely-settled areas, etc. In most other respects the new bill resembles that rejected by the House last summer.

President Eisenhower is expected to outline the plan to Congress in a message or speech soon.

Many federal employees, now members of several voluntary A&H plans which they support themselves, have advised civil service officials that they want to preserve these plans while participating in the new group A&H program.

Milwaukee A&H Has Yule Party

MILWAUKEE—Members of A & H Underwriters of Milwaukee and their wives were hosts to about 100 youngsters from the Milwaukee County Children's Home at a Christmas party, complete with entertainment, a Christmas tree, and the appearance of Santa Claus. Alex H. Siegner, Business Men's Assurance, and Stanley Olyniec, Washington National, were co-chairmen.

Follmann Booklet on A&H Circulated

To answer criticism with the facts, Bureau of A&H Underwriters has just made available an eight page booklet on the subject of cancellation of accident and health insurance policies. The booklet is titled "The Right of Discontinuance" and is by J. F. Follmann, Jr., general manager of the bureau.

He points out that the right of discontinuance of insurance stems from the responsibility of a company as the custodian of its policyholders' funds to protect those funds when the premium charged is predicated on the cancellation right.

After a listing of some reasons why a company may find it necessary to discontinue the A&H insurance coverage of a policyholder, the booklet gives the legal and historical origin of the cancellation right. At the same time it points to the limited use to which the right is put as shown in the results of the factual study conducted in 1953 by the insurance commissioner of North Carolina.

Supplies of the pamphlet for distribution to home office and field forces may be obtained from the bureau's executive offices, 60 John street, New York, 10 cents a copy.

N. Y. Examiners Told A&H Rate-making is Deficient

Accompanying the rapid growth of A&H insurance, premiums for which totaled \$2.3 billion in 1953, must be more adequate statistics and scientific rate-making procedures. Max J. Schwartz, associate actuary of the New York insurance department, told examiners at a session of their third and final year of in-service training.

More accurate morbidity statistics must be accumulated and made avail-

able to the business as a whole, he said. Each company then could base its rate calculations upon sound actuarial principles rather than on rates generally prevailing.

The New York department, he added, has sufficient regulatory powers over A&H despite the fact that rates do not have to be approved. The state insurance law fills the gap with sections dealing with policy approval, discrimination between policyholders and commissions and fees.

Northwest Wis. A&H Meet

EAU CLAIRE, WIS.—The relations of A & H underwriters with the medical profession and hospitals were discussed at the meeting of Northwest Wisconsin A & H Assn. Gibson Wright, Continental Casualty, past president and now chairman of the state association board, was speaker.

Thomas P. Coyle has been made chief underwriter in the group department of Mutual Benefit Health & Accident. He has been group underwriting supervisor in charge of the eastern states, and has been with the company for five years.

J. H. Reese Honored

Joseph H. Reese, Penn Mutual general agent, has been honored by American College for his services "in making the headquarters building attractive, comfortable and efficient." Dr. S. S. Huebner, president emeritus of American College, presented a commemorative plaque which will be on permanent display in the building. In addition to his official duties, Mr. Reese had as his private project the securing of air-conditioning equipment for the entire building through the contributions of insurance companies.

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EDITORIAL COMMENT

A Special Policy to Fill the Void in SS?

Mightn't the idea of a special social security supplement policy be worth considering? By this we mean a life insurance policy that would not merely bridge the gap between the youngest child's age 18 and the widow's age 65 but one that would take care of the various other deficiencies of the government's old age and survivor insurance.

The main flaw in the death benefit feature of OASI is that benefits to the insured's widow cease if there is no child under age 18 and do not resume until she reaches age 65. The theory is that a widow without dependents can go out and work. As a practical matter, even a widow who earned a good salary before she got married may be so rusty in her skills that she could at best obtain a fairly menial job by the time the need arose. Yet there is no guarantee that even with several children in the family they will all survive to age 18. If there is something of an age gap between the youngest and next-to-youngest, there's a big slug of social security benefits depending on the youngest's surviving to age 18.

To guarantee that the unexpected death of a child will not mean the loss of income that was to have come from social security, there is need for insurance to pay the equivalent of these benefits. The insurance could either be arranged to stop at a time when the child would have reached age 18 or continue until the widow reaches 65 and the social security benefit again becomes payable.

Another deficiency in social security is the fact that if the wife is younger than the husband—as is true more often than not—there is a lean period between the husband's retirement at age 65 and the time when the widow attains age 65 and becomes eligible for her social security benefit. There is not the same insurance need as in the case of insuring against the death of children prior to reaching age 18, but it could be attractively and saleably packaged, it would seem.

A policy covering social security deficiencies would have several advantages to the life insurance business, we believe. It would be something new for agents to talk to prospects about, and there would be a vast untapped market.

While the premium might be fairly small, the policy would serve as an

entering wedge for the sale of other forms of personal insurance.

Such a policy would dramatize the shortcomings of social security rather than its strong points. Today social security, particularly in view of the newly increased level of benefits, tends to be considered by the public as attractively low-priced insurance. People are likely to forget that it has no cash values, nor any flexibility whatever. The fact that it needs an outlay of insurance premiums to make good the deficiencies of social security coverage could be regarded as a tangible measure of the inferiority of social security coverage to life insurance coverage.

Incidentally, for those agents and buyers who feel there is a risk that the government will one day renege on its implied promises to pay old age and survivor benefits, there might be a market for a policy that would guarantee to pay any difference between the present level of social security benefits and those which the government actually pays in the future. However, under present laws and charters this would hardly be a coverage that life companies could issue.

From the viewpoint of the public, which we really should have listed first, the coverage supplied by a social security supplement policy should be of very real value. A basic paradox in social security legislation is that it was originally set up as a subsistence proposition, with a pretty high degree of frugality governing both the benefit levels and the circumstances under which they would be paid. The benefits have been inched up and up, until now they are the equivalent of a very respectable life insurance program. Yet the conditions under which the benefits are payable still reflect the original concept of an alternative to the poorhouse for the superannuated and the widows with dependent children. It is assumed that all widows without dependent children, even widows years away from their former jobs, can go back to work and earn as good a living as they ever did.

Most of the time since social security has been in effect there has been such a degree of prosperity that widows have been able to do reasonably well at finding jobs if they needed them. But even a fairly slight recession might well make it tragically difficult for the widow who has lost her

skill to earn anything like what she has been accustomed to. It is not hard to imagine the clamor that would arise to make social security benefits payable to widows even though there were no children dependent on them. So another result of selling a social security supplement policy could be to take much of the steam out of this potential reason for further liberalizing social security benefit.

Insurance that would guarantee payment of the equivalent of social security benefits even if no child should survive to age 18 would involve diminishing term insurance that with young children could amount to quite a sizable chunk of coverage at the start. Laws in some states would have to be changed. There should be little opposition to this, even in states like New York, since the law could be so drawn that benefits could not exceed what would have been payable under social security. The infanticide argument against large amounts of life insurance on children would lose its force, since the parents would gain nothing by the child's death.

Without wading too deeply in the technicalities of such a policy, it seems as if it would be pretty marketable. But even if little of it were sold, it would seem like something with a lot of appeal to intrigue the interest of prospect or client and get him talking about his insurance situation. It seems like an ice-breaker that a resourceful agent could do a lot with.

PERSONALS

Benefit Assn. of Railway Employees of Chicago has become a member of



Earl T. DeMoe

American Life Convention. Earl T. DeMoe's recent election as president was reported in the Dec. 3 issue. He went with the company in 1928 and has been sales director for several years. He was one of the motivating forces in the association's entry into the group field. It formerly provided individual A&H insurance for railroad employees on the payroll deduction or franchise basis. Mr. DeMoe's late father, Earl Wilson DeMoe, was one of the association founders and its original vice-president and general counsel.

Peter M. Fraser, president of Connecticut Mutual Life, received a 20-year service pin from United Aircraft Corp. Mr. Fraser is senior non-

employee member of the corporation board and is chairman of the compensation committee and a member of the executive committee. He is the first non-employee to be presented such an award. Other insurance men who received service awards were **Morgan B. Brainard**, president of Aetna Life, and **Francis W. Cole**, chairman of Travelers. Both received 10 year pins.

Rolland E. Irish, president of Union Mutual Life, has been appointed by Governor Cross to the state of Maine development commission for a three-year term. Some years ago he served on the commission for two terms.

DEATHS

EWEN W. CAMERON, long identified with the insurance business in Minneapolis and active in politics, died at the age of 75. He went to Minneapolis in 1910 as general agent of Northwestern National and later was state agent for Aetna Life and also for Equitable Life of Iowa. In 1938 he established the Cameron agency, of which he was chairman at the time of his death. He served in the Minnesota state senate in the 1920's and in 1922 was president of Lions International.

GORDON MELSTED, assistant secretary of Equitable Life of Iowa, died at Phoenix, Ariz., following an illness of several months. Joining the company in 1926, he was placed in charge of the rewriting and reinsurance section the following year and in 1948 was made assistant secretary. He was an associate of Society of Actuaries.

NELSON F. DAVIS, retired San Francisco manager of Guardian Life, died at his home at Burlingame, Cal., after a long illness that had forced his retirement three years ago. Active in all association activities, he was a member of the editorial board of American Society of CLU.

MISS SARAH SHEPPARD HOMANS, 83, sister of the late Sheppard Homans, for many years general agent for Equitable Society in New York City, died. She was the daughter of the famous actuary, Sheppard Homans, and the aunt of Eugene Homans, associate manager of the Smith agency of Equitable Society in New York City.

LELAND POWERS, 64, State Mutual Life director since 1943 and a noted trial lawyer, died in Boston. He had served in the Massachusetts house of representatives and as an assistant attorney general.

HOWARD R. HILL, 63, retired Provident Life & Accident vice-president, died in Orlando, Fla., where he has lived since his retirement. He joined Connecticut General in 1919 and

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was assistant group secretary when he left in 1930 to become secretary of the group department of Provident L&A.

ROBERT C. WALKER, 65, chairman of Life of Virginia, died at Ardmore, a suburb of Philadelphia. He also was senior partner of the law firm of Montgomery, McCracken, Walker & Rhoads of Philadelphia and had been a law partner of Owen J. Roberts, former associate justice of the U. S. Supreme Court.

EDWIN L. POINDEXTER, 74, division manager for Federal Life of Chicago at Harrodsburg, Ky., died there after a long illness. He was transferred to Chicago from Oklahoma two years ago. He had been with the company 45 years.

WILLIAM FRANCIS LEARY, 58, sheriff and for 15 years deputy insurance commissioner of Oregon, died of a heart attack at Portland. He had served under three commissioners.

EDWARD J. QUINN, 62, account executive with Marsh & McLennan at Minneapolis, died there.

Woody in Actuarial Post for N. A. Reassurance

John C. Woody, senior actuary of American Telephone & Telegraph Co., Jan. 1 is joining North American Reassurance as assistant actuary.

Before joining American T. & T. in 1947, Mr. Woody was with Lumbermens Mutual Casualty and A. C. Nielsen, the market research firm. He is a fellow of Society of Actuaries and an associate of Casualty Actuarial Society. He has a broad background in fundamental actuarial research and in electronic processing equipment.



John C. Woody

Baltimore Life's Managers Meet at Home Office

"The Four Jobs of a District Manager" was the theme of Baltimore Life managers annual meeting at the home office, with panels and discussions on improvement of manpower, sales and publicity, business management, and administrative direction.

The manager was defined as the man responsible for the agents and staff superintendents, for getting adequate production from his men, for taking charge of the business operation in his district and for achieving results.

Home office executives taking part were Albert Burns, president, Henry Niles, vice-president, Fred Wunderlick, vice-president and superintendent of agencies, and Marlin Morgan, assistant superintendent of agencies.

Pittsburgh Directory Ready

National Underwriter Co. has just published the 1955 edition of the Pittsburgh Insurance Telephone Directory, in which are listed the names, addresses and telephone numbers of persons and companies active in Pittsburgh insurance. Copies may be ordered from the National Underwriter Co., 420 E. 4th St., Cincinnati 2, Ohio. The price is \$1.

Franklin Pays Yule Bonus

Franklin Life distributed Christmas bonus checks to its 900 salaried employees of the home office and field offices. One quarter of a month's salary was given to all employees of a year's service or more, with proportionate amounts to those with less than a year's service.

The company entertained home office employees at a dinner dance, with approximately 1,500 employees and guests attending.

'CLU Annual Review' First Edition Out

The first edition of *CLU Annual Review*, a joint report of CLU activities, has been published for the fiscal and school year 1953-54 by American College and American Society of CLU. The report has 24 pages, including numerous photographs and charts, and will be published annually in the late fall. It was suggested by the late David McCahan, president of the American College.

Starting with a special explanatory section, "CLU—What's That?", the report presents in condensed form the operations of both college and society, and contains a map showing the locations of the 227 study groups last year, a chart revealing types of study groups, and several illustrations to explain the activities of the society during the year.

The report is being distributed to all CLUs, executives of cooperative fund companies, CLU teachers, officers and trustees of the American College, and others in life insurance and life insurance education.

Belan, Rafferty Head Pacific Mutual Agencies

New Pacific Mutual Life general agents are Edward S. Belan at Tulsa and C. P. Rafferty at Indianapolis. The latter succeeds his father, now retired.

Mr. Belan opened the American H. & L. Tulsa agency in 1946, managing this office until 1952 when he joined Pacific Mutual. He has served as a director of Tulsa Life Underwriters Assn. and Tulsa A&H Underwriters Assn.

Mr. Rafferty, who becomes Pacific Mutual's youngest general agent, has been a member of his father's agency since 1946 and supervisor since 1951. The elder Mr. Rafferty had served Pacific Mutual as a member of the home office executive agency staff and as general agent over a 25-year span.

Aviation Extras Waived

Manhattan Life has eliminated extra charges on scheduled airline pilots and crew members flying over American and Canadian-owned airlines with at least one terminal in the U. S. or Canada. Other scheduled airline flying personnel will receive individual consideration. Ratings for non-scheduled commercial pilots and other categories of fliers, including military pilots and crew members, have been lowered.

Nebraska Actuaries Meet

Several topics currently of interest were considered at a meeting of Nebraska Actuaries Club in Lincoln.

John Angle, Woodmen Central Life, led a discussion on A&H problems, and various aspects of federal income taxation of companies were considered by James F. MacLean, Bankers Life of Nebraska and F. E. Huston, Guarantee Mutual Life. Hodge L. Jones, Guarantee Mutual, reviewed changes in the annual statement blanks for 1954.

The next meeting is scheduled for Feb. 16.

Mrs. Bessie Dale Honored

December production of the L. C. Mersfelder agency of Kansas City Life at Oklahoma City is being dedicated to Mrs. Bessie Dale. She was honored at a special home office observance at which officers paid tribute to her 35 years of company service during which she produced more than \$7 million of business. She has been with the Oklahoma City agency for 29 years. Mrs. Dale has submitted at least one application a week for more than 23 years.

SELECTION FACTOR Personal Buyer Has Underwriting Edge

BY DR. HARRY DINGMAN

Applicant is the most potent of all the selectors for personal insurance. He is the buyer. He is final decider whether the coverage is worth the premium price. He knows more about himself than sometimes he tells. He may tell the truth. All? Nothing but the truth? He has an underwriting edge. Particularly is this true of applicants for jumbo sums whose wealth may have been acquired by shrewd buying of stocks and bonds and oil and whatever. Think you not this shrewd buying is lacking in acquiring personal insurance.


Never, never, never forget that though insurance company sells, applicant buys. Insurance company acts on basis of averages according to past experience. Applicant buys on basis of personal interest according to future expectation. Applicant knows more about himself than company can ever hope to learn. Except for one thing, companies selling personal insurance had long since gone out of business—applicant hopes it isn't so, applicant hopes he isn't going to get dead, sick, hurt, or hospitalized. But he may have intimation of trouble, and neglect to tell about it. He may have information based on a \$25 medical examination, insurance company depending on a \$7.50 report. When he spends more than 10% of income for personal insurance, suspect speculation. Especially with those of large income. They have proved they know value in merchandising, manufacturing, or whatnot. They also know value in personal insurance.

Applicant age 50 is the applicant of experience. He has bought before. He has talked with many agents. He has talked with many buyers, policyholders. He has, possibly, talked with many doctors. He knows the value of per-

sonal insurance and he knows how to present himself. By contrast, the applicant of 20-30-40 buys casually, even grudgingly, and lapses easily. He cannot imagine age 60 or 70. For dodoes? Yes. For grandfathers? Yes. For elderly executives? Yes. But for him? No. He will buy tomorrow, or tomorrow, or tomorrow. And some tomorrow he will be 50 in age and will want 50 in thousands of insurance, and 50-50 chance it will be—not literally, but might be—degenerative changes have developed. When he does apply, his application is a brief autobiography. He got born, and there's family history. He got schooling, and there's conomic status. He got sick, and there's personal history. He got a job, and there determined his earnings. He got a wife and established his community status. He got careless and laid bare his habits. What is ascertainable on all these various points determines his appraisal. What the applicant tells us is informative. What he does not tell us may be more informative. He is checked and doubled checked by information obtained from agent, inspector, insurance physician, his own physician, and any other source that may seem pertinent. Court records, for example. His attorney. His banker. Having told his name, age, address, occupation, marital status, his experiences with alcohol, doctors, hospitals, insurance companies, he signs his name. His statements become the basis of the contract. He errs if he does not tell the truth, all of it. Otherwise he has dubious coverage for whatever period the policy is contestable.


This is an excerpt from the new edition of "Risk Appraisal" by Dr. Harry Dingman, vice-president of Continental Assurance. Acknowledged as an authoritative work throughout the insurance world, more than 800 life and A&H companies use the book as a basic text. It has received enthusiastic praise from many million dollar producers. The new edition now is available from the National Underwriter Co., 420 East Fourth street, Cincinnati, or any of its branch offices. The price is \$12.50.

• The Arthur Milton agency of Postal Life, New York City, recently wrote \$1¼ million of applications in 29 days.



THE OHIO NATIONAL LIFE INSURANCE COMPANY
CINCINNATI

D. E. CARNAHAN, GENERAL AGENT
301 JOSEPH VANCE BUILDING
SEATTLE 1, WASHINGTON



Dear Al:

When you ask me what one thing has impressed me most about my business relationship with The Ohio National, I look at it this way: it's easy enough for any organization to proclaim its friendliness, but proving it is something else. The sincere co-operation I have received at all times from the agency and home office staff convinced me long ago that The Ohio National brand of friendliness is genuine.

In choosing my business partners, I believe that the most important consideration that could enter into a life-time relationship, and one that has a direct bearing on individual accomplishment, is to be associated with friendly people such as I have had the good fortune to know in The Ohio National.

Sincerely yours,

Jack

New England Mutual Names Kenly V-P

F. Corning Kenly Jr. has been named a second vice-president in the securities department of New England Mutual Life. He joined the company's investment department as a security analyst in 1948, and was appointed assistant treasurer in 1951.

He formerly was with Harris Trust & Savings bank in Chicago and assistant to the financial vice-president of Household Finance Corp.



F. Corning Kenly Jr.

Lyman C. Baldwin Takes Agency Post in California

Lyman C. Baldwin has joined Forest Lawn Life of California as agency director.

For the past year Mr. Baldwin has been a partner of Barrett-Baldwin & Associates, a Denver management consulting firm. Before that he was for many years vice-president and agency director of Security Life & Accident of Colorado, and later president of Central National Life of Nebraska.

Mutual Benefit Decision Hailed

Leo P. Carlin, mayor of Newark, hailed Mutual Benefit Life's decision to remain in Newark as "of national significance in its bearing on the problem faced by many large municipalities in countering the widespread belief that there is a trend of business away from urban centers." Other municipal, news-

paper and business interests described Mutual Benefit Life's decision as of benefit to the city, the company's employees and the company itself.

Lincoln National Promotes W. L. Pool at Norfolk

Walter L. Pool has been advanced to associate general agent of the Ben Simon Agency of Lincoln National Life at Norfolk, Va.

Since joining the company in 1946, Mr. Pool has established an outstanding record. He has qualified for the Presidents' Club every year and on four occasions was the company's leading producer for the year. A life member of the Million Dollar Round Table, he has qualified seven consecutive times and in 1948 paid for \$2,300,000.

Central of Iowa Exceeds \$400 Million Milestone

Insurance in force in Central Life of Iowa reached \$401,380,000 on Dec. 1, according to W. F. Poorman, president. The \$400 million mark was reached just two weeks before the company formally dedicated its new home office building Dec. 13. Speaking at the ceremonies, Mr. Poorman pointed out the company's first annual report issued almost 58 years ago showed only a quarter million dollars of insurance in force, and that there were just two members of the home office staff, one president and one clerk. There are now about 150 members of the home office staff. The company is particularly strong in the midwest and far west, and has 56 general agents and 500 agents in 18 states and the District of Columbia. It ranks third in size among insurance companies with home offices in Iowa and assets exceed \$134 million, with surplus of nearly \$12 million.

The company had called on the field force for extra effort to reach the \$400 million mark in time for the dedication, with 125 salesmen plus some 45 general agents meeting in a three-day convention tied in with the dedication ceremonies. Leader in personal sales was E. C. Woller of Milwaukee, a six-year member of the Million Dollar Round Table and a member of the Alfred Korbell agency. The Korbell agency, was the leader during the campaign.

Mr. Woller's name headed a list of 36 leading underwriters whose names were inscribed on a bronze tablet mounted on the foyer wall in the new building, described in the Dec. 10 edition. Similarly, Mr. Korbell's name headed the list of the 12 general agents also inscribed on a bronze tablet.

Colo. Company Not on FTC List

In the Dec. 10 issue Guarantee Reserve Life of Fort Collins, Colo., was erroneously included in an article regarding the 17 A&H insurers which have been charged in federal trade commission complaints with misleading advertising. The Guarantee Reserve Life of Hammond is the correct identification of the company intended to have been mentioned in the article.

• Detroit General Agents & Managers Assn. at a meeting Jan. 25 will honor the top life producers in the area.

Frank Leaves State Mutual General Agency

Raymond W. Frank, a general agent of State Mutual Life in Chicago for the past 10 years, has requested to be re-



Claude E. Lewis



Raymond W. Frank

lieved of his managerial responsibilities. Claude E. Lewis will be agency manager.

Mr. Frank, known as "Duke," will remain with the company as a personal producer. He joined State Mutual in 1929 and became general agent in 1944. He has held office in Life Agents' Supervisors of Chicago, Life Agency Managers Assn., and Chicago Assn. of Life Underwriters. He has also served on committees of MDRT.

Mr. Lewis entered life insurance in 1941 and he joined State Mutual earlier this year.

Says Group Life Headed Off Self-Insured Plans

(CONTINUED FROM PAGE 5)

the mere fact that a group life certificate backed up by a life insurance company administration is handed an employee make his picture really very different from that of the same employee with a booklet from his relief association calling for a similar amount of life insurance?"

There is an enormous volume of "built in" death benefits under self-insured trustee retirement systems in both the U. S. and Canada, he remarked. Quite properly, companies engaged in group life attempt to limit its amount at compensation level to some relatively modest amount such as 1½ times pay. Certainly, he said, anything beyond two times pay as group life would not be viewed sympathetically at all.

Yet, he said, there are companies in industry and finance which provide substantially more in the way of death benefits under a bank trustee pension fund than is provided by group life carried by these companies. There is one oil company with death benefits under its pension fund that could reach a sum equivalent to 10 times annual pay. The methods of providing these benefits include lump sum settlements, survivorship options, "years certain" provisions, and widows' benefits. They are just other labels for life insurance, he said.

Their magnitude can be appreciated even more, he added, when it is realized that the typical widow's benefit could only be provided by life insurance on the order of two to three years' pay or more in the majority of cases. A study of trustee plans with these "built-in" benefits shows there must be at least 50 nationally-known organizations which are "on the risk" for upwards of \$50 million each just with respect to widows' and other survivorship benefits integrated with self-insured pension plans. Five companies alone, he observed, have over \$3½ billions of this type of benefit currently outstanding.

Some communities in which em-

ployers have provided group life are almost "one industry" cities. These may be said to be "group saturated communities," he said. In these cities ordinary has averaged as good or better than for other sections of the same geographical area. "I am glad to report," he said, "that group has had its salutary effect in the insurance consciousness of the people and that it has not impaired [agents'] production of individual insurance."

Group companies could do more to see that employees receive good advice on personal insurance from their employers, he said. Metropolitan has for several years conducted a successful campaign to persuade employers to stress to the employee the importance of viewing his group insurance as supplementary protection during the peak of his insurance needs and the importance of a personal insurance program.

Ordinary issue has been much faster among the four leading group companies than the four leading non-group companies, he said. Three of the leading group companies also write industrial, and although this would have a favorable influence on industrial, "there is still room for the view that group has helped rather than hindered the growth of individual insurance in the ordinary branch."

As group has grown in recent years, so has individual ordinary, he said. There is a long way to go before the American and Canadian people obtain adequate life insurance, and in providing it, there is a role for all kinds which companies offer. The volume of life insurance has not kept pace with the increase in income and there is the desire for greater protection through various pressures, such as expansion of social security, union demands for fringe benefits, etc.

"This is all a very challenging situation," he said, "and I, for one, think it is fortunate that we have these wholesale departments or our business as well as the splendid retail distribution to meet these demands.... I still see no reason why the individual and group branches can't continue to grow together in an atmosphere of mutual understanding and respect."

Life of Va. Names Three to Supervisor Posts

Robert J. Malcolm has been appointed field supervisor, ordinary agency division, by Life of Virginia. His headquarters will be at Richmond. He entered the business in 1946 and has had experience as agent, agency supervisor and agency manager.

John W. Garber and Coleman R. Menyhert have been appointed field training supervisors. Mr. Garber will supervise training of district office agents in Baltimore, Washington and northern Virginia. Mr. Menyhert will supervise training of district office agents in Ohio and West Virginia.

Reighart in New Post

C. Elmer Reighart has gone with Illinois Mutual Casualty of Peoria, Ill., as assistant agency director. He was formerly with Aetna Life at Detroit and prior to that was assistant manager of the life and A&H group department with Travelers at both Pittsburgh and Detroit.

U. S. Life Celebrates Christmas

United States Life is celebrating the season with a Christmas window display featuring ordinary, group and A&H. The display is located at 75 Fulton street, New York City, where Dascit Underwriters, Inc., top U. S. Life agency is located.

WANT ADS

Rates—\$18 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

REGIONAL GROUP MANAGER AVAILABLE

Nine years of outstanding successful group sales experience with leading group writing companies. In good health, young, married, university business degree. Present salary five figures. Not subject to Navy re-induction. Reply Box C-44, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ASSISTANT ACTUARY WANTED

Rapidly growing eastern life company has opening for a young man with at least associate membership in Society of Actuaries. Address Box C-4, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

OPPORTUNITY

for Agency Assistant in Home Office of a Southwestern Life Insurance Company. Prefer young man with Home Office or Agency experience in cost work and office layout. Furnish complete personal history in first letter. All replies will be treated confidentially. Write Box C-25, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

PERSONNEL DIRECTOR

The Franklin Life Insurance Company with over 800 employees in its Home Office offers the opportunity of a lifetime to the right man. Applicants should be under 45 years of age and have background of demonstrated success in handling office personnel. We have no interest in factory or industrial experience. Salary will be commensurate with talents and experience of selected applicant. Applicants will be interviewed either at the Home Office in Springfield, Illinois, or in Chicago, at mutual convenience. All applications confidential. If interested please reply promptly.

FRANKLIN LIFE INSURANCE COMPANY
Springfield, Illinois

Tells How Tax Snag is Exploited in Pension Plans

(CONTINUED FROM PAGE 2)

eral income taxes had been credited to the deposit administration funds and, therefore, these 'exempt' funds have in effect paid a federal income tax."

From an article by Bowles, Andrews & Towne, actuaries and insurance consultants of Atlanta, Richmond and New York: "Insurance company investment earnings are subject to federal income tax to a certain extent. In previous years this has been relatively unimportant but there has been for some time considerable pressure from the Treasury department for an increase in the taxes paid by life insurance companies. In 1951 the effect of federal income taxes was to reduce investment earnings by as much as .2%. The relative value of this as respects ultimate pension costs can be seen from the fact that a one-half percent difference in the interest rate could conservatively affect costs by 10%."

As can be seen, Mr. Shanks said, this tax discrimination is emphasized by consultants in the employee benefit field. In 1953 the number of insured lives in insured pension plans (per plan) was about 250, according to the 1954 *Life Insurance Fact Book*. The December, 1953, monthly review of Federal Reserve Bank of New York indicates that at the end of 1951 the average number of lives per uninsured plan was over 3,500.

From 1950 to late 1954 Prudential issued 137 group annuity contracts to employers who had not previously insured all or a portion of their retirement plan with the company, Mr. Shanks said. About one-fourth of the contracts issued covered less than 50 lives and one-half less than 150 lives, which "certainly indicates that during the last five years a large percentage of Prudential's new plans provide benefits for employees of small business enterprises."

He quoted from *Pension Planning—Experience and Trends* by Walter J. Couper and Roger Vaughan, industrial relations counselors, which reports on a 1952 survey of 491 plans: "Individual policies would seem appropriate only in small companies, especially those having less than the minimum number, usually 50, for which group annuity contracts are written... As would be expected, the greater the coverage of the plans the smaller is the number of them which are financed by group annuities and the larger the proportion which is trusted."

The increased rates of life company federal taxation in recent years have greatly aggravated the effect of the discrimination, Mr. Shanks declared. Investment yield has been reduced about two-tenths of 1%, thereby increasing the outlay otherwise required for a pension plan by about 5%. It is particularly deplorable because it looms so large by comparison with other expenses of doing business. It has been estimated, for example, that federal investment income taxes paid under current law on group annuity contracts will exceed the total of all expenses other than taxes.

Many large employers who had insured their plans when the federal tax discrimination was not as significant have in recent years turned to trusteeship either to fund improvements or to fund the entire plan. Mr. Shanks listed 50 firms that have done this, and followed them up with 43 that are funding their original (limited) pension plan under the insured method

but have adopted the trust method for later plans providing additional benefits or initial benefits for new groups of employees.

Mr. Shanks strongly scored that part of the preliminary statement prepared by the technical staff of the Curtis subcommittee which said that, should a life company-type tax be applied to a trustee plan, the employer would have to increase his contributions, and that since Congress permitted employers to set up pension plans based on calculation of tax-free interest, it should not subsequently make a portion of the interest taxable.

He declared, "The same situation exists in life insurance companies. Many of our plans were insured at a time when the laws produced no federal income taxes on life insurance companies and insurance company guarantees were made with this in mind. Subsequently the tax laws were changed to impose a tax on the funds arising from such contracts but the insurance companies were unable to change their outstanding contractual guarantees."

Earlier, Mr. Shanks told the subcom-

mittee that it is in the national interest that the American people be encouraged to provide for their economic security and he is disturbed that life insurance policyholders are taxed so heavily. Out of every \$100 deposited by policyholders, about \$3.50 is paid in special state and federal taxes. "This is an onerous burden to place on thrift," he said, "and in my opinion makes life insurance the most highly taxed form of private thrift in America." It is a tax that is imposed not so much on the wealthy, who form but a small proportion of policyholders in companies like Prudential, as on the poor and those of moderate means.

Mr. Shanks, quoting from the subcommittee's preliminary statement the intimation that stock and mutual companies withheld \$48 million in 1952 for future expansion, declared that "nothing can be further from the truth." The statement said, "The question has been raised... as to whether it is proper to exempt stock insurance companies from all tax on their group annuity business in view of the fact that such a company writes group annuity business with the ultimate objec-

tive of making profit for the stockholders. A similar question is raised with a mutual company to the extent that it retains some of the gains on such business to finance expansion."

"It is reported that on 1952 business on group annuities the gain from operations before dividends to policyholders of the 150 larger companies was \$66 million, of which \$18 million was repaid in policy refunds. This gain from operations is after federal taxes of approximately \$12 million attributable to the investment income of \$175 million on this business."

Mr. Shanks commented: "Expense incurred in the sale of group annuity contracts is a current expense and serves to reduce current earnings. Group annuity statement earnings are retained by a company because it feels the reserve liabilities carried need supplementation to assure the carrying out of its contractual obligations and to avoid in so far as possible having one employer bear the cost burden of another employer's pension plan. As such 'earnings' are found to be unnecessary, they are released in the form of dividends."

The 5-Star Prescription

For the doctor, lawyer, or any prospect who must provide his own old-age income, the LNL man likes to prescribe our 5-Star Annuity.

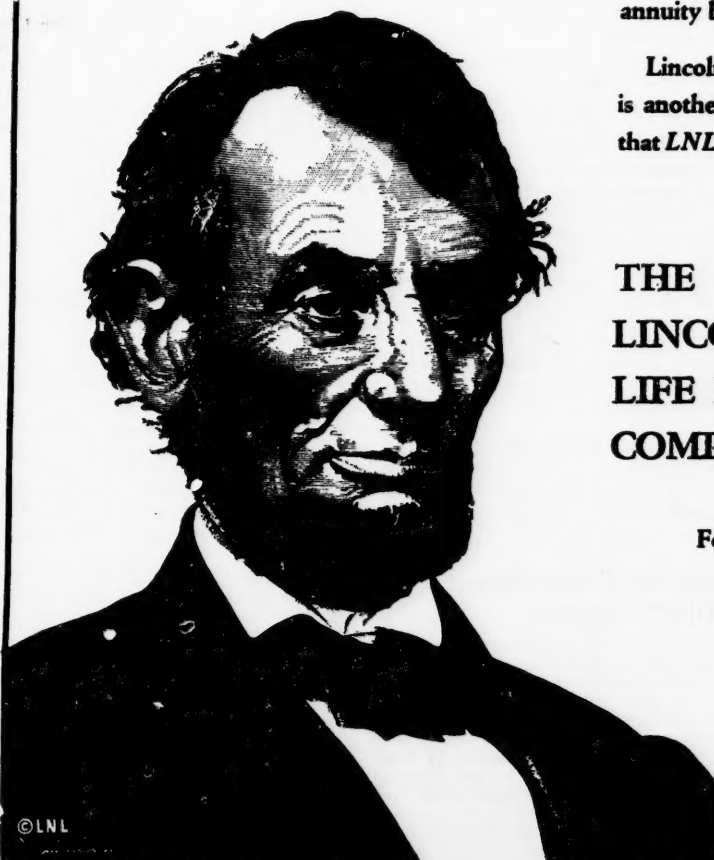
Optional maturity dates enable the policyholder to begin his income early or late—any time between age 50 and 70. This flexibility brings definite tax advantages. And life insurance protection is provided by this low net-cost participating policy, in addition to the annuity benefits.

Lincoln National's 5 Star Annuity is another reason for our proud claim that LNL is geared to help its field men.

THE
LINCOLN NATIONAL
LIFE INSURANCE
COMPANY

Fort Wayne 1, Indiana

Its Name Indicates
Its Character



© LNL

Single A&H Trade Group Poses Problem on Life Side

(CONTINUED FROM PAGE 1)

substantial majority of the conference and bureau agreeing to come into the new organization and simultaneously taking steps to wind up the affairs of the bureau and conference.

As Mr. Milliman concluded his remarks, Mr. Shanks rose to state his view on what he thought the role of LIA should be in such an organization. He said he had no objection to there being one organization or any organization in the A&H business but that "I think we must stop, look, and listen very hard" before we turn everything over to one organization which has many conflicting interests, conflicting companies, and conflicting ideas, with the ideas life companies have in connection with the handling of A&H.

Mr. Shanks was emphatic in saying that legislative and regulatory matters in Washington and in the states should be handled by LIA and that he for one is prepared to oppose anything that would in any way weaken LIA in its handling of the work of the life companies doing that type of business.

"As a factual matter, the people who represent us in Washington and in the states are the people who almost as a practical matter, have to handle these matters, no matter what organization you have and I think we must be very careful before we do anything to in any way weaken their hand or in any way keep the Life Insurance Assn. from committing itself to fully handling those matters in their field," said Mr. Shanks.

Denying any wish to get involved in an argument with Mr. Shanks, Mr. Milliman answered that he would only like to add that at present there are within the life insurance business joint relationships such as between the LIA and American Life Convention and "we plan to take the lead on this pattern of joint operation in respect to making our recommendations to this new trade association so that joint committees could be set up, joint staff work could be undertaken between the proposed new trade association and the other trade associations, including the Life Insurance Assn.

"We also propose that the board of directors of this new organization would not be restricted in any way in attempting to work out these joint plans between the accident and sickness trade organization and the Life Insurance Assn. or any other trade association, so that rather than creating a monopoly in this field we would be strengthening the industry's representation and also creating the focal point through which we can perhaps get more unified representation of the various conflicting interests which Mr. Shanks has referred to.

Asked whether the new organization or LIA would be responsible for handling Washington matters, Mr. Milliman said "we will try to set up the constitution of this new organization so that the organization could move in either direction." If LIA insists on continuing to have the representation and the scope that it now has, it would be foolish for this new organization to undertake to dispute that field and to try to duplicate the effort of the existing staff, Mr. Milliman said.

"It would be my personal hope—and here I speak personally rather than on behalf of the task force of the joint committee—that over a period of time

this new organization by virtue of its performance would be given a vote of confidence to the point where perhaps the Life Insurance Assn. would de-emphasize its activities in the accident and health insurance field and allow the new trade association to be the principal trade association in that field," he said.

"However, as I said before, I think that it is a problem that must be decided by the board of directors of the new organization and the board of directors of the Life Insurance Assn. Certainly, neither our task force nor our subcommittee can decide this question in advance."

SS Is a Mortgage on Future, Lounsbury Says

(CONTINUED FROM PAGE 1)

Lounsbury pointed out that not more than one out of 1,000 agents operate exclusively in policy selling, idea selling, or estate planning. Yet it can be shown, he said, that those who have selected one of these three fields in which to operate and who stick to that type of operation almost exclusively are getting more out of the business than their fellows. The agent must choose whichever field is best suited to his own personality and aptitudes and then stick to that, for the man who is doing the thing he most enjoys will do that best of all.

Since the mortality among those who retire with enough money but no mental preparation is much higher than among those who have adjusted themselves psychologically, Mr. Lounsbury said, the salesman of retirement income policies has a follow-up job to do, and that is to help his clients prepare for retirement mentally as well as financially.

"If you are going to sell retirement income," he said, "and I can think of nothing more attractive as an occupation, get yourself in position to give your client good advice on how to get ready for retirement mentally. It will take him about as long to do it as it does to make the financial preparation, and he will need to know that fact."

NALU Gets Zoning OK for New Home

(CONTINUED FROM PAGE 1)

chased, there will be no difficulty in raising the additional money once plans and specifications have been put into finally approved form.

One aspect of the building project is that if NALU reaches an eventual membership of around 80,000, as President Robert L. Walker has predicted, there will be need for more space than would be needed to serve the requirements of today's membership.

The Million Dollar Round Table, which is affiliated with NALU, will be invited to make its headquarters in the projected NALU building. The MDRT now has its central office at Chicago.

Report Good Enrollment for DISC Training

Interest in DISC training during the last quarter of 1954 has been high, according to enrollment information supplied by the International Assn. of A&H Underwriters, which sponsors the courses.

A "short-course" (2½ days) in Los Angeles in October drew enrollment of 40. The course was sponsored by Midland National for its agents in the area but was opened to limited enrollment from members of the A&H

association. Midland has twice used DISC schools for its agents.

In Chicago, a DISC school on a 10-week basis at the Illinois Institute of Technology, has drawn an enrollment of 45.

At Chapel Hill, N. C., the DISC at the University of North Carolina, sponsored by the North Carolina A&H Assn. on the 2½-day basis, drew enrollment of 47. The course was endorsed by Commissioner Gold in an address to the graduating class.

Milwaukee Managers Elect W. L. Momsen as President

Willard L. Momsen, Northwestern Mutual, is the new president of Milwaukee Life Managers & General Agents Assn., succeeding Kenneth W. Jacobs, Connecticut Mutual.

Named vice-presidents were Stanley Olyniec, Washington National, and Dustin Miller, Penn Mutual. J. Douglas Grannis, Minnesota Mutual, is treasurer and Harold F. Bowes, Phoenix Mutual, secretary.

McKewen Named Fidelity Mutual Birmingham GA

Jack L. McKewen has been appointed general agent at Birmingham by Fidelity Mutual. He replaces R. Lawrence Craig, who returns to personal production. Mr. McKewen entered the business in 1948 and qualified for Million Dollar Round Table in 1954.

Mutual Trust Life Marks Golden Year

(CONTINUED FROM PAGE 2)

spirit of service which motivated the founders still prevails. In noting that Mutual Trust has brought security and happiness to many policyholders, Mr. Menor observed that although men can't control future events, they can provide for them.

In forecasting the future, Mr. Olson predicted no change in the fundamental need for life insurance. Insurance covers what people are worth to other people and as long as they have such worth, there will be a market for life insurance. Although there has been no change in basic types of insurance—term, life payable at death and endowment—more combinations of these forms will be used in meeting the needs of the ever increasing population. Mr. Olson reviewed briefly the new and revised contracts which will soon be available in carrying out Mutual Trust's objective to provide a better product at lower cost.

A new premium factor is being used for ordinary life in connection with the double protection contract, waiver rates are being lowered and there is an improvement in values in connection with settlement options, including a 15 years certain provision in addition to the present 10 and 20 years guarantee. A new juvenile estate builder, a new mortgage redemption contract and extension of term to 35 from age 49 to 59 are other highlights enumerated by Mr. Olson.

The electronic-atomic age has resulted in marked changes even during the short period since the end of World War II, Mr. Olson pointed out. He graphically described improvements in the home office equipment which through electronic devices now performs operations in a matter of seconds as contrasted to hours even as recently as eight or nine years ago. More efficient handling of premium notices by means of automatic equipment which calculates premiums, dividends and even loan data, if it is in-

Washington Nat'l Makes Home Office Promotions

Washington National has made several home office promotions and has realigned the duties of certain personnel.

James T. Helverson, formerly assistant secretary and manager of the commercial A&H underwriting division, was appointed 3rd vice-president. He will be in charge of the preparation, designing and drafting of policies.

Earl J. Borgeson, formerly assistant manager of the commercial A&H division, has been promoted to manager of that division.

Stanley P. Hutchison has been advanced from assistant counsel to assistant general counsel.

Carl G. Johnson, field supervisor at large in the industrial department, has assumed duties of agency assistant in the department. Charles N. Winfrey, field supervisor in the western territory of the industrial department, is now agency assistant in that department.

Roy C. Neuhaus, 2nd vice-president, in addition to having charge of the commercial A&H record division, will become the coordinating officer in methods and procedures of the three commercial A&H divisions: Claim, underwriting and record.

Involved, in a single operation is resulting in increased efficiency and lower costs, he reported. Applications can be processed so rapidly through the use of the new electronic equipment that the company can virtually issue new contracts as fast as the field force can write them.

Coupled with the time saving electronic equipment are the peace functions of the atomic age in increasing agricultural crops through the elimination of blights and such diseases as cancer are destined to be erased by utilization of the gamma rays.

Mr. Olson was critical of recent "blatant advertising" which has been making much out of little. All companies are not alike and it is the job of the agent to compare every clause of the policy, every rate and the company standing back of the contract, rather than to compare isolated rate examples. He asserted that Mutual Trust Life will adhere to its prime objective of being a low net cost company.

There was a group of about 90 key general agents, producers and home office staff personnel present. Mr. Olson in his introductory remarks emphasized the advantage of everybody being able to know each other and to illustrate he took a "roving mike" and introduced every person present by name with comments identifying their work and background.

Christmas Gift Pays Off

Fifty-eight years ago Max B. Arnstein, dry goods merchant at Knoxville, Tenn., bought a Mutual of New York life insurance policy as a Christmas present to himself and his family. Now, at 96, he can collect the \$11,475 proceeds of the policy he bought in 1896. For his policy he paid \$8,652 and he has received \$3,926 in dividends, giving him a total profit of \$6,749.

Pru Mortgages at \$5 Billion

Prudential has reached a new record of over \$5 billion outstanding in real estate loans and property investments. Two-thirds of this is in loans to individuals financing purchase of their homes.

One of America's Leading Fraternal Life Insurance Societies



The Aid Association furnishes up-to-date sales kits, numerous promotional items, and modern plans of insurance to assist its field men in their selling efforts. New representatives attend Home Office indoctrination schools, and are further trained by their general agents, and through Home Office correspondence courses.

Aid Association for Lutherans

Legal Reserve Fraternal Life Insurance
Home Office: Appleton, Wisconsin



Meet the V. I. P.

MY COMPANY STRESSES

THE HUMAN ELEMENT . . . I'm a very important person where it means the most to me . . . with my Company.

My happy relationship with Berkshire Life is best expressed in the complete satisfaction I get from the prompt, thoughtful handling of all my business.

I'm not just a name on a list nor a pin on a map . . .

I'm a valued Agent with "most important" cases.

Complete personal coverage in Life, Annuities,
Accident & Health and Hospitalization.

KEEP YOUR EYE ON
BERKSHIRE
LIFE INSURANCE COMPANY

PITTSFIELD, MASS. • A MUTUAL COMPANY • CHARTERED 1851
W. RANKIN FUREY, C.L.U., President



OLD ANNUITANTS NEVER DIE...

...they just leave forwarding addresses for their monthly income checks—mostly in Florida and California and other places where carefree folk have learned to seek their retirement leisure.

That's another reason why the income tables in the settlement options are so important. A few cents per thousand difference in the income payable can add up to a lot of additional comfort and luxury for retirement years. And retirement years of annuitants can be very long—and usually are, as the mortality tables show.

Occidental's settlement option values in all its policies are good, as comparison proves. Combined with Occidental's low guaranteed-rate premiums, this fact means more retirement income per premium dollar when your insured of today becomes your annuitant of tomorrow using his policy values.



HOME OFFICE: Los Angeles
W. B. STANNARD, Vice President

"WE PAY AGENTS LIFETIME RENEWALS... THEY LAST AS LONG AS YOU DO!"

THE COUNTRY'S MOST FRIENDLY COMPANY OFFERS . . .

- Modern and attractive agent's and general agent's contracts to those looking for a permanent connection.
- Complete line of Life Insurance policy contracts from birth to age 65 with full death benefit from age 0 on juvenile policy contracts.
- Complete line of Accident and Health policy contracts with lifetime benefits.
- Individual Family Hospitalization contracts with surgical, medical and nurse benefits.
- Complete substandard facilities.
- Educational program for fieldman.

Strong, Progressive Company
Older than 85% of all legal reserve life insurance companies

COMPANY'S EXPANSION PROGRAM OFFERS
Openings in California, Illinois, Indiana, Kansas, Michigan, Minnesota,
Missouri, Nebraska, New Jersey, North Dakota, Ohio and Wisconsin

**NORTH AMERICAN LIFE INSURANCE COMPANY
OF CHICAGO**

C. G. ASHBROOK, EXECUTIVE VICE PRESIDENT
NORTH AMERICAN BUILDING, CHICAGO 3, ILLINOIS

"If Dad could only see him now!"

"Dad would be just as pleased as I am to see Bill out there . . . and to hear a girl like Susan cheering him. But if it hadn't been for Dad, Bill wouldn't *be* out there—he would never have met Susan. We both know how much we owe to Dad's thoughtfulness—the life insurance program he worked out so carefully with his insurance advisor. Bill's college education . . . our home . . . the monthly income that means I don't have to have a job. And, of course, Susan . . . Dad would approve of her immediately."



An uncertain future? Not always—because the sound advice of the life underwriter turns wishes into planned programs, hopes into concrete reality. He *makes* the future—and a respected name for himself in his community.

ÆTNA LIFE INSURANCE COMPANY

HARTFORD 15



CONNECTICUT